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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 001730

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SUBJECT: CHARITIES IN KUWAIT: TREASURY DAS DISCUSSES
KUWAIT'S STRONGER ENFORCEMENT OF CHARITABLE CONTRIBUTION
LAWS

Classified By: Ambassador Richard LeBaron for reasons 1.4(b) and (d)

1. (C) SUMMARY: On April 16, 2005, Treasury DAS Glaser met with a Ministry of Social Affairs and Labor official to discuss how charitable contributions in Kuwait can be made, collected and transferred, and the methods the GOK uses to track and prevent the abuse of charitable contributions for terrorist financing. In an effort to circumvent the new restrictions on charities, creative new methods for collections are being used. The Ministry of Social Affairs admits that countering these new methods is a challenge because the GOK has a shortage of experience with prosecuting money-laundering crimes. END SUMMARY.

2. (C) Visiting Treasury DAS Daniel Glaser, accompanied by the OFAC regional attach and representatives from the Treasury Department's Office of Terrorist Finance and Financial Crimes and the Office of Intelligence and Analysis, met on April 16 with Mr. Adnan al-Omar, Assistant Undersecretary of Social Development in the Ministry of Social Affairs and Labor. Al-Omar is responsible for the Charities Department within the Ministry.

3. (C) DAS Glaser asked about the GOK's recent decision to remove unlicensed charitable cash collection kiosks and boxes throughout Kuwait. Al-Omar explained that a Charitable Oversight Committee had been formed to address the concerns that the GOK has with illegal charitable collections. The Committee is comprised of representatives from the Ministries of Social Affairs, Interior, Finance, Islamic Affairs and the Central Bank. With the full support of the Council of Ministers, the Committee agreed to the forcible removal of all unregistered charity "cash-boxes" in Kuwait, al-Omar said. He explained that the unprecedented terrorist attacks that took place in Kuwait at the beginning of 2005 have awakened the GOK to the seriousness of the threat that terrorism poses to the country. The removal of these charity boxes is a reactive step that the GOK is taking in an effort to curtail one source of support to the extremists in Kuwait, al-Omar said.

4. (C) The challenge, al-Omar continued, is that as soon as one charity cash-box is taken down, more are put up. He also said that new methods of collections are being used. As examples, he cited (a) a door-to-door cash-collecting system using small fast-food type delivery trucks and (b) collecting clothing for charity, then using the money gained by selling the clothes to fund illegal activities. The Ministry of the Interior is currently working with the Charities Department to identify the owners of the trucks in an effort to trace the illegal collections, he said. However, no solution has been identified to stop the clothing collection. He explained that the goal is to identify the charities accepting illegal donations and to track them, rather than "provoke them into going underground," by taking stronger initial actions against them.

5. (C) Prior to the kiosk-removal crackdown on charities, al-Omar said, it was easy to follow the known routes for the disbursements of charitable collections. Now, he said, the channels have changed in response to the government's actions and it's "impossible" to track all the new routes. Once the money leaves Kuwait, he added, there is no easy way to track where it goes. (Note: During the MENA FATF plenary attended by DAS Glaser in Bahrain prior to his visit to Kuwait, the Kuwaiti delegate and Head of Supervision at the Central Bank of Kuwait mentioned that Kuwait tries to follow the money through its embassies abroad. End Note). The Charities Department has little experience in detecting money-laundering, for example, and al-Omar said that the GOK could use more support from experienced sources to address this problem.

6. (C) DAS Glaser also asked about three known charities of concern to the U.S Treasury Department that are registered in Kuwait: the Social Reform Society (SRS), the Revival of

Islamic Heritage Society (RIHS), and Al-Najat. (Note: Al-Najat, or Rescue, is the parent organization of the Patients Helping Fund and the African Muslim Agency, also know as Direct Aid Society. End Note). Al-Omar replied that the Charities Department was also concerned about these charities and kept a close watch over their transactions. One of the main concerns about these charities, he added, is that numerous unlicensed subcommittees are created under the original licensed charity's name and that these subcommittees are the source of much of the illegal activities with the charity. (Note: The U.S. Treasury Department has designated two such subcommittees for supporting al Qaida - RIHS' Afghan Support Committee and SRS' Lajnat al Dawa al Islamiya. End Note). He clarified this by saying that no charities are allowed to transfer funds outside of Kuwait without the permission of the Ministry of Social Affairs and that they have not given these three charities that permission. In a very candid exchange, al-Omar said that his preference would be to "dissolve" one of these questionable charities to serve as an example to all. However, he said, the decision to dissolve a charity would be a political decision made at the Ministerial level. Al-Omar was not optimistic that the Charitable Oversight Committee would allow this to happen due to political pressures within the GOK.

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